

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 OEP-01 INT-08 COME-00 GSA-01

OMB-01 TRSE-00 AF-10 ARA-11 EA-11 NEA-10 RSC-01 OIC-04

IO-12 CIAE-00 DODE-00 PM-09 H-02 INR-09 L-03 NSAE-00

NSC-10 PA-03 PRS-01 SS-14 USIA-12 RSR-01 /171 W

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R 281701 Z MAR 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0078

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E. O. 11652: N/ A

TAGS: EMIN

SUBJECT: TIN: STOCKPILE DISPOSALS

REF: LONDON 3592

1. AT MARCH 27 TH SESSION TIN COUNCIL DISCUSSED PRESIDENT'S STATEMENT ON TIN DISPOSALS AND INSTRUCTED ALLEN SEND LETTER TO SECRETARY EXPRESSING COUNCIL'S CONCERN.

2. TEXT OF LETTER FOLLOWS:

" THE INTERNATIONAL TIN COUNCIL BEGAN ITS EIGHTH SESSION THIS AFTERNOON IN LONDON AND AS A MATTER OF URGENCY DISCUSSION WAS OPENED ON THE STATEMENT MADE BY THE PRESIDENT OF THE UNITED STATES AT A PRESS CONFERENCE IN WASHINGTON ON 15 MARCH 1973 IN WHICH THE PRESIDENT INDICATED AN INTENTION FOR THE UNITED STATES TO REDUCE VERY SUBSTANTIALLY MATERIALS HELD IN STRATEGIC STOCKPILES. PRESIDENT NIXON INDICATED THAT IN ADDITION TO THE NATIONAL SECURITY ASPECT, ACTION WAS NECESSARY TO 'DRIVE DOWN PRICES, OR AT LEAST TO DRIVE DOWN THOSE PARTICULAR ELEMENTS WHICH FORCE PRICES UP'.

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" IT IS UNDERSTOOD THAT THE INTENDED SUBSTANTIAL REDUCTIONS IN THE STRATEGIC STOCKPILE COVER A NUMBER OF MATERIALS, INCLUDING TIN. THE MEMBERS OF THE INTERNATIONAL TIN COUNCIL ARE, THEREFORE, CONCERNED AT THE SERIOUS IMPLICATIONS THAT ANY CHANGE IN THE STRATEGIC OBJECTIVE WOULD HAVE ON THE TINIVE RESEARCH IN REMOTE SENSING BETWEEN THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) OF THE UNITED STATES OF AMERICA AND THE INSTITUTO DE PESQUISAS ESPACIAIS (INPE) OF BRAZIL, DATED MARCH 27 .

THIS MEMORANDUM, WHICH IS SET FORTH IN THE ANNEX TO THIS NOTE, PROVIDES INTER ALIA THAT ITS PROVISIONS SHALL BE SUBJECT TO CONFIRMATION BY THE RESPECTIVE GOVERNMENTS OF THE TWO AGENCIES BY AN EXCHANGE OF NOTES, AND THAT THE MEMORANDUM SHALL ENTER INTO FORCE ON THE DATE OF THE EXCHANGE.

RECOGNIZING (1) THAT THE EXPERIMENTAL NASA EARTH RESOURCES TECHNOLOGY SATELLITES IN THE UNITED STATES EARTH RESOURCES SURVEY PROGRAM OFFER UNIQUE DEVICES FOR ACCOMPLISHING THE OBJECTIVES OF THE AGREEMENT OF JANUARY 18 AND SEPTEMBER 10, 1968, AND (2) THAT BRAZIL IS WILLING TO ESTABLISH FACILITIES TO ACQUIRE AND PROCESS DATA RECEIVED DIRECTLY FROM THE EARTH RESOURCES TECHNOLOGY SATELLITES, I NOW HAVE THE HONOR TO INFORM YOU THAT THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONFIRMS THE PROVISIONS OF THE MEMORANDUM OF UNDERSTANDING REFERRED TO ABOVE.

IF THE GOVERNMENT OF BRAZIL WOULD ALSO CONFIRM THE PROVISIONS OF THE MEMORANDUM, I HAVE THE HONOR TO PROPOSE THAT THIS NNOTE AND YOUR EXCELLENCY' S REPLY TO THAT EFFECT SHALL CONSTITUTE AN AGREEMENT

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BETWEEN OUR TWO GOVERNMENTS REGARDING THIS MATTER, WHICH SHALL ENTER INTO FORCE ON THE DATE OF YOUR EXCELLENCY' S REPLY, SHALL REMAIN IN FORCE UNTIL APRIL 1, 1976 UNLESS EXTENDED FURTHER AS MAY BE MUTUALLY AGREED, AND SHALL SUPERSEDE THE AGREEMENT OF JANUARY 18 AND SEPTEMBER 10, 1968, AS EXTENDED.

ACCEPT, EXCELLENCY, THE RENEWED ASSURANCE OF MY HIGHEST CONSIDERATION.

WASHINGTON, D. C. UNQUOTE ROGERS

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FORWARD TO A CONTINUATION OF THIS CO- OPERATION.

" FOR NEARLY TWO YEARS THE TIN MARKET HAS BEEN
FRAUGHT WITH UNCERTAINTIES ARISING FROM THE DIFFICULTIES
EXPERIENCED BY INTERNATIONAL CURRENCIES. THE COUNCIL,
THROUGH ITS BUFFER STOCK OPERATIONS HAS NEVERTHELESS
SUCCEEDED IN MAINTAINING A REASONABLE DEGREE OF STABILITY
IN THE MARKET, BUT WAS OBLIGED TO INTRODUCE LIMITATIONS
UPON THE EXPORTS OF PRODUCING COUNTRIES IN JANUARY 1973
IN ORDER TO ADJUST SUPPLY TO DEMAND. FOR THE UNITED
STATES TO RESUME COMMERCIAL SALES OF TIN IN THE PRESENT
CIRCUMSTANCES COULD DISRUPT THE MARKET. THE
POSSIBILITY OF A LARGE DISPOSABLE SURPLUS ARISING FROM
A CHANGE IN THE STOCKPILE OBJECTIVE COULD ALSO HAVE A
HARMFUL EFFECT ON THE HEALTH AND THE GROWTH OF THE TIN
MINING INDUSTRY. THE QUESTION OF DISPOSALS IS THEREFORE
OF IMPORTANCE TO ALL PRODUCING AND CONSUMING MEMBERS OF
THE COUNCIL, AND THE WELFARE OF THE TIN INDUSTRY IS
UNDOUBTEDLY OF CONCERN TO THE UNITED STATES AS THE
WORLD' S LARGEST CONSUMER. THE COUNCIL IS PARTICULARLY
CONCERNED ABOUT THE POSSIBLE EFFECT OF DISPOSALS ON THE
ECONOMIES OF DEVELOPING COUNTRIES THAT ARE MAJOR PRO-
DUCERS OF TIN.

" IN THE ABSENCE OF INFORMATION ABOUT THE UNITED STATES GOVERNMENT' S INTENTIONS ON DISPOSALS, THE COUNCIL LIMITED OFFICIAL USE

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" SINCE THE CONSULTATIONS BETWEEN THE UNITED STATES GOVERNMENT AND THE TIN COUNCIL WERE INITIATED AS FAR BACK AS 1962, THE COUNCIL HAS HAD ASSURANCES, AND IT HAS BEEN THE ESTABLISHED PRACTICE, THAT THE UNITED STATES GOVERNMENT WILL CONSULT WITH INTERESTED GOVERNMENTS AND THE INTERNATIONAL TIN COUNCIL ON CHANGES IN STOCKPILE POLICY AND ON PROGRAMMES FOR DISPOSALS. THE COUNCIL HAS ALSO BEEN ASSURED THAT STOCKPILE DISPOSALS WILL BE MANAGED SO AS TO AVOID DISRUPTION OF MARKETS AND THE ECONOMIES OF PRODUCING COUNTRIES.

" IN OCTOBER 1966 THE UNITED STATES GOVERNMENT TOOK A COMMITMENT IN AGREEMENT WITH THE TIN COUNCIL THAT THE UNITED STATES WOULD MODERATE ITS TIN SALES PROGRAMME ' IF IT SHOULD BE INCONSISTENT WITH THE CONTINGENT OPERATIONS AUTHORISED BY THE INTERNATIONAL TIN AGREEMENT'. MOREOVER, THE UNITED STATES GOVERNMENT ON THAT OCCASION ' REAFFIRMED THAT IN FORMULATING DISPOSAL PROGRAMMES, IT WOULD TAKE INTO ACCOUNT THE EFFECTS ON THE INVESTMENT OF CAPITAL IN EXPLORATION AND DEVELOPMENT OF NEW TIN SUPPLIES AND THE NEED TO FOSTER THE HEALTH AND GROWTH OF THE WORLD' S TIN INDUSTRY, AND WAS PREPARED TO DISCUSS THE LONG- TERM PROGRAMME OF THE ORDERLY DISPOSAL OF THE REMAINING SURPLUSES AT SOME FUTURE TIME'.

" THE COUNCIL IS NOT UNMINDFUL OF THE PAST CO- OPERATION THAT IT HAS RECEIVED FROM THE UNITED STATES GOVERNMENT AND IN PARTICULAR THE FACT THAT NO COMMERCIAL SALES HAVE BEEN MADE SINCE 1968 AND THEREFORE LOOKS

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